

MORIHARA LAU & FONG LLP

A LIMITED LIABILITY LAW PARTNERSHIP

November 2, 2009

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, Hawaii 96813
Attn: Ji Sook Kim, Esq.

Re: Docket No. 2009-0161 – In the Matter of the Application of Hawaiian Beaches Water Company, Inc. ("HBWC"), for review and approval of rate increases; revised rate schedules: Joint Request to Temporarily Suspend Procedural Steps Nos. 7 to 9 set forth in the Stipulated Regulatory Schedule (Exhibit "A")

Dear Commissioners and Commission Staff:

HBWC hereby notifies the Hawaii Public Utilities Commission ("Commission") that HBWC and the Consumer Advocate ("Consumer Advocate") (together referred to as the "Parties") are presently discussing settlement of disputed issues raised in the Consumer Advocate's Direct Testimonies and Exhibits, filed on October 27, 2009, in the above-referenced docket. At this juncture, the Parties are having informal settlement discussions and anticipate continuing such discussions over the next several weeks.

Pursuant to the Stipulated Regulatory Schedule (Exhibit "A") contained in the Stipulated Procedural Order issued by the Commission on October 26, 2009, Procedural Steps Nos. 7 to 9 are respectively as follows: (1) HBWC's submission of information requests ("IRs") to the Consumer Advocate by Monday, November 2, 2009, (2) the Consumer Advocate's responses to HBWC's IRs by Monday, November 9, 2009, and (3) HBWC's rebuttal testimonies on Monday, November 16, 2009. However, in order to give the Parties an opportunity to hold settlement discussions and attempt to reach a settlement on the disputed issues, HBWC will not be submitting its IRs to the Consumer Advocate at this time. It is the Parties' hope that a settlement of this matter should effectively promote the efficient and cost-effective allocation of each party's respective resources, and will save considerable time and expense and can expedite the Commission's review of the subject docket if a settlement can be reached on these issues without having to complete the remaining steps in the regulatory schedule. In that connection, the Parties hereby also agree to amend the Stipulated Regulatory Schedule (Exhibit "A") by temporarily suspending Procedural Steps Nos. 7 to 9 (without waiving such steps within this proceeding) pending the completion of their settlement discussions. The Parties' temporary suspension of these steps is to provide adequate time to attempt to reach a settlement on the disputed issues. The Parties also agree that the temporary suspension to said regulatory schedule should effectively promote the efficient and cost-effective allocation of their respective resources.

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In the event settlement can be reached on all of these issues, the Parties will file a Stipulation of Settlement Agreement reflecting the terms of settlement in accordance with the regulatory schedule. However, in the event a global settlement cannot be reached and changes to the regulatory schedule will be necessary to reflect the results of these settlement discussions, including the possible filing of HBWC's IRs to the Consumer Advocate, HBWC's rebuttal testimonies, and/or a Stipulation of Settlement Agreement, we will seek appropriate Commission approval at that time.

In the interest of time, HBWC has obtained the approval of the Consumer Advocate to submit this letter on behalf of the Parties. If you have any questions, please do not hesitate to contact the undersigned or the Consumer Advocate's office.

Very truly yours, .

A handwritten signature in black ink, appearing to read "Sandra L. Wilhide", with a stylized flourish at the end.

Michael H. Lau
Kris N. Nakagawa
Sandra L. Wilhide

Morihara Lau & Fong LLP
Attorneys for Hawaiian Beaches Water
Company, Ltd.

c: Consumer Advocate
Ms. Kate Prescott, HBWC